Scancell

H121 results highlight shift to delivery and execution

29 January 2021

- Scancell reported H121 results in line with expectations, with the August and October issue of shares and convertible loan notes (CLNs) transforming the balance sheet. End-October cash of £25.7m was boosted by a further £20.9m receipt in November. These funds allow management to progress the three technology platforms, with hopes of having three clinical programmes in place within six to nine months (COVID-19 restrictions permitting).
- The H121 operating loss of £2.8m (H120: £3.1m loss) was lower as COVID-19 restrictions curtailed patient enrolment to the SCIB1-002 clinical trial. R&D spend was flat at £2.0m, less than planned, with increases for manufacture of clinical trial material offset by the pause in the SCIB1 study. Admin expenses were £1.0m (H120: £1.1m) and finance costs were £1.6m (H120: £nil), due to the accounting treatment of the £6m in CLNs. H121 loss before tax was £4.4m (H121: £3.1m loss), with a reduced R&D tax credit of £0.5m (H120: £0.6m), resulting in a £3.9m net loss (H120: £2.5m loss).
- Multiple operational initiatives are underway, with the three proposed clinical trials prioritised. SCIB1, the lead ImmunoBody programme, is due to restart a Phase II trial in advanced melanoma in late Q121. This is in combination with the checkpoint inhibitor pembrolizumab (Keytruda). More UK specialist sites are likely to be added to the existing four to increase patient recruitment opportunities. MODI-1, the first Moditope vaccine, is still expected to start its Phase I/II in calendar H121 with first data likely 12 months later. The COVIDITY programme, the second-generation COVID-19 DNA vaccine, is also expected to start Phase I trials during 2021.
- New funds are also directed to developing the next waves of programmes, with SCIB follow up compounds, possibly including the latest AvidiMab modifications (to be known as iSCIB), and Modi-2, believed to be in preclinical development. The increased investment in translational research includes a planned laboratory in Oxford, as well as other development activities to complement the core research facilities in Nottingham.

Trinity Delta view: Scancell's balance sheet was transformed during 2020, with the funds now in place to progress its three promising technology platforms. Management has ambitious plans to advance its leading programmes through the early clinical phases, and to develop the next wave of follow-on assets. Although the second generation COVIDITY vaccine is attracting the headlines, it is the potential of the ImmunoBody and Moditope oncology indications that underpin Scancell's long term potential. The infrastructure to realise this is being put in place. Our valuation, based on conservative assumptions, is £144m, equivalent to 17.7p/share (14.6p fully diluted).

Price	15.0p
Market Cap	£122m
Primary exchange	AIM
Sector	Healthcare
Company Codes	SCLP.L
Corporate client	Yes

Company description:

Scancell is a clinical-stage immuno-oncology specialist that has three technology platforms. Two flexible therapeutic vaccine platforms are progressing through development. ImmunoBody and Moditope induce high avidity cytotoxic CD8 and CD4 responses, respectively, with the potential to treat various cancers.

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